

# **THE JACOBS REPORT**

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## **CORRIDOR IMPROVEMENT ON THE MOVE**

### **Jacobs' Persistency Pays Off**

Senate Bill 34, which was Senate Bill 483 last session, is attracting the positive attention Senator Gilda Z. Jacobs (D-Huntington Woods) thought it would earn when she introduced it in 2003. "It's a non-controversial tool for communities," said Jacobs. "Local governments across the state support it because it helps them improve their streets and sidewalks."

If signed into law, SB 34 would allow a city the ability to create a citizen board (known as a Corridor Improvement Authority), primarily composed of business owners in an area, to prepare and implement plans to correct and prevent deterioration of the area.

The CIA would be created by the governing body and operate in a capacity very similar to a downtown development authority (DDA). As with a DDA, the CIA would have the ability to adopt tax increment financing plans to pay for the necessary public improvements in the area without raising taxes.

"Many older communities have commercial corridor areas that have become run down to the point of blight," said Jacobs. "In the Detroit area, once strong commercial areas along major thoroughfares like Van Dyke, Gratiot, Grand River, and many of the 'mile' roads have lost much of their commercial vitality. Grand Rapids and Traverse City also have similar areas, and the commercial strip off I-75 in Grayling is another example. There are many others, and they can all benefit from this legislation."

The original version of the bill applied to business districts having hosted commercial activity for 40 years or more. Jacobs is considering various amendments, one of which would reduce the threshold to 30 years. Another popular consideration would be expanding the scope of the legislation to include larger villages and townships.

Senator Alan Sanborn (R-Richmond Twp), Chairman of the *Senate Committee on Economic Development, Small Business and Regulatory Reform*, voiced his support for the legislation during committee.

"I'm thrilled that it's moving forward with so much support," said Jacobs. "We have a few issues to work out, but most of my colleagues are on board, and that's no surprise. Without this legislation, many communities across the state do not have the economic tools needed to assist in redeveloping older areas. Often, it is financially difficult for the city to make a significant investment in street renovation, street lighting, parking lots, and sidewalk improvements that could assist in turning these areas around."

## **LEGISLATURE MOVES TO END TAX ON HEALTH INSURANCE**

Businesses would no longer pay tax on employee health insurance premiums under a bill approved Wednesday by the House Tax Policy Committee.

Governor Jennifer Granholm has called for a total reshaping of the SBT by cutting the tax rate from 1.9 percent to 1.2 percent, along with other formulaic changes. Republicans appear eager to take up Ms. Granholm's proposal, but in the meantime, they decided to address the health insurance aspect now. Most business owners consider the tax a disincentive to offer health insurance to their employees.

According to the Department of Treasury, the tax abolishment would result in a \$25 million to \$26 million cut in Fiscal Year 2006 revenue. The Department also expressed caution against piecemeal promotion of the governor's SBT reform package. "This issue should not be dealt with in isolation," said Scott Schrager of Treasury.

## **MORE ON S.B.T. REFORM**

This week, the Michigan Manufacturers Association (MMA) expressed a desire to help assemble a broad coalition to back the Granholm administration's proposed restructuring of the business tax. Some business groups have come out against proposal even as they await details that are not yet known.

In an apparent slap to the Michigan Chamber of Commerce, the MMA said the responsible position is to pass a comprehensive revenue-neutral plan.

The comments on the SBT debate came as the MMA outlined its 2005 legislative agenda, which also calls for elimination of health care costs from the business tax base and reduction of the personal property tax, which it said is the third highest in the nation.

## **FEES ON CANADIAN TRASH**

Due to strict Ontario regulations restricting new landfills and a growing population, waste managers from Toronto and its suburbs contend that dumping trash outside their borders is their only current option.

Waste managers and other experts spoke at a Wednesday meeting organized by the Michigan State University Institute for Public Policy and Social Research.

Because of the Ontario policy, cities in Ontario are now dependent on Michigan landfills. The Department of Environmental Quality earlier this week reported a 23 percent increase in trash coming from Canada during the 2004 Fiscal Year.

In an effort to tax the Canadians, House Democrats have announced a plan to raise the fee for dumping in Michigan to \$7.50 per ton, up considerably from 21 cents. But because these waste disposal contracts run through 2008, any fee increase would affect only the Michigan contractor, who would be unable to pass his/her cost on to the locked contract.

Solutions to the Canada to Michigan waste problem eluded forum participants. Canadian waste directors said their cities are working toward zero waste policies through recycling, but admitted that zero waste may not be literally possible.

Under the North American Free Trade Agreement, federal legislation would be required to ban trash imports, because state legislation barring trash would be violation of NAFTA. Raising fees, however, would be legal.

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All Michigan legislation can be tracked at <http://www.legislature.michigan.gov/> .

State Senator Gilda Jacobs represents the 14<sup>th</sup> Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.

**Constituents of the 14<sup>th</sup> District may contact Senator Jacobs at [sengjacobs@senate.michigan.gov](mailto:sengjacobs@senate.michigan.gov) or toll-free at 1-888-937-4453.**

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